

CALIFORNIA PUBLIC UTILITIES COMMISSION
Water Division

INSTRUCTIONS FOR WATER CONSERVATION,
RATIONING AND SERVICE CONNECTION MORATORIA

Standard Practice U-40-W

SAN FRANCISCO, CALIFORNIA

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INSTRUCTIONS FOR WATER CONSERVATION, RATIONING AND SERVICE CONNECTION MORATORIA

A—PURPOSE AND SCOPE

1. The purpose of this standard practice is to provide guidance to Water Division staff, to the public and to utilities as to steps to be taken when the utility suffers from a water shortage. The three levels of action are voluntary rationing, mandatory rationing and a service connection moratorium.

B—BACKGROUND

2. General Order 103, Chart 1, and Standard Practice U-22-W, Determination of Water Supply Requirements of Water Systems, address water supply requirements, but supply can be affected temporarily due to drought or decreased production of a utility's wells. When this happens, utilities may have to resort to mandatory conservation or may have to institute a service connection moratorium.

3. Parties may also protest service area extensions (see Standard Practice U-14-W) over concern that the available supplies may be inadequate to serve the new customers, which would be the equivalent of a service connection moratorium¹.

4. The position of the Commission in overall water supply planning was set forth in Decision 99-04-061, April 22, 1999 (see Appendix A to this Standard Practice).

C—DEVELOPMENT OF CONSERVATION AND RATIONING

5. In mid-1976, due to a drought, the Commission opened an Order Instituting Investigation (OII) to determine what actions to take. In early 1977, the Commission issued an emergency decision that allowed water utilities to distribute water conservation kits and to implement cost effective water conservation programs.

6. The Commission was once again faced with drought conditions in mid-1988. The Commission opened another OII that allowed all classes of water utilities to file a water conservation and rationing plan consisting of two distinct parts: Rule 14.1 (a "voluntary conservation" program which allowed mandatory rationing to be triggered) and Schedule 14.1 (the mandatory rationing and penalty part). This plan was based primarily upon the Department of Water Resources and Metropolitan Water District's model plans, but also incorporated aspects of the North Marin Water District, East Bay Municipal Utility District, and California Water Service Company's existing conservation and rationing plans. The main objective of Rule

¹ See Resolution No. 4154, August 5, 1999, Valencia Water Company Advice Letters 84 and 85

14.1 and Schedule 14.1 was to have a plan readily available for any utility that needed conservation and/or rationing methods. This plan allowed regulated utilities to achieve conservation of 17.5% to 26%.

7. The drought was officially declared over in February 1993 and the 1988 OII was closed. Because history shows that drought occurs in California about once every ten years, Rule 14.1 has remained in place. When conditions become severe, the utility may file an advice letter to institute Schedule 14.1. The Commission must approve implementation of this schedule by resolution.

D—VOLUNTARY RATIONING

8. Voluntary rationing consists of the step described in Rule 14.1 (Appendix B). This Tariff Rule should be in the tariff book of every utility that might suffer from a water shortage.

E—MANDATORY RATIONING

9. Mandatory rationing consists of the steps described in Schedule 14.1. The utility adds schedule 14.1 to its tariff book by filing an advice letter with full justification. Staff will prepare a resolution for consideration by the Commission. The Commission must approve the imposition of mandatory conservation.

10. Schedule 14.1 may be modified to fit the needs of the utility and its particular water shortage situation. The following provisions are examples of what might be included in a typical Schedule 14.1:

- A. Prohibit nonessential and unauthorized water use, including:
 - i. use for more than minimal landscaping in connection with new construction;
 - ii. use through any meter when the company has notified the customer in writing to repair a broken or defective plumbing, sprinkler, watering or irrigation system and the customer has failed to effect such repairs within five days;
 - iii. use of water which results in flooding or runoff in gutters or streets;
 - iv. use of water through a hose for washing cars, buses, boats, trailers or other vehicles without a positive automatic shut-off valve on the outlet end of the hose;
 - v. use of water through a hose for washing buildings, structures, sidewalks, walkways, driveways, patios, parking lots, tennis courts, or other hard-surfaced areas;
 - vi. use of water to clean, fill or maintain levels in decorative fountains;
 - vii. use of water for construction purposes unless no other source of water or other method can be used;
 - viii. service of water by any restaurant except upon the request of a patron; and

- ix. use of water to flush hydrants, except where required for public health or safety.
- B. Establish customer water allocations at a percentage of historical usage with the corresponding billing periods of a non-drought year being the base.
- C. Establish an allocation of a percentage of historical usage with the corresponding billing periods of a non-drought year being the base for consumption for users of process water (water used to manufacture, alter, convert, clean, grow, heat or cool a product, including water used in laundries and car wash facilities that recycle the water used).
- D. Establish a minimum allocation of a number of Ccf per month (one Ccf is one hundred cubic feet) for any customer regardless of historical usage.
- E. Establish an exceptions procedure for customers with no prior billing period record or where unusual circumstances dictate a change in allocation.
- F. Establish a penalty ("conservation fee") of \$2.00 per Ccf for usage over allocated amounts, provided, however, that banking of underusage from month to month is allowed.
- G. Provide that penalty funds are not to be accounted for as income, but are to be kept in a separate reserve account for disposition as directed by the Commission.
- H. Provide that, after written warning for nonessential or unauthorized water use, for subsequent violations the utility may install a flow restrictor to be left in a minimum of three days. The second time a flow restrictor is installed it may be left in until rationing ends.
- I. Establish charges of \$25, \$50, or actual cost depending on meter size for removing restrictors, and provide that continuing nonessential or unauthorized use may result in disconnection.
- J. Establish an appeal procedure first through the utility, then to the Commission staff through the Executive Director, then to the Commission via a formal complaint.

F—SERVICE CONNECTION MORATORIUM

11. A service connection moratorium is sometimes imposed by the California Department of Health Services. The California Water Code, Section 350 et seq., provides that any public water supplier may, after public notice and hearing, declare a water shortage emergency within its service area whenever it determines that the ordinary demands and requirements of its consumers cannot be satisfied without

depleting the water supply to the extent that there would be insufficient water for human consumption, sanitation, and fire protection. After it has declared a water shortage emergency, it must adopt such regulations and restrictions on water delivery and consumption as it finds will conserve its water supply for the greatest public benefit. Section 357 requires that suppliers which are subject to regulation by the CPUC shall secure its approval before making such regulations and restrictions effective.

12. Section 2708 of the Public Utilities Code states:

2708. Whenever the commission, after a hearing had upon its own motion or upon complaint, finds that any water company which is a public utility operating within this State has reached the limit of its capacity to supply water and that no further consumers of water can be supplied from the system of such utility without injuriously withdrawing the supply wholly or in part from those who have theretofore been supplied by the corporation, the commission may order and require that no such corporation shall furnish water to any new or additional consumers until the order is vacated or modified by the commission. The commission, after hearing upon its own motion or upon complaint, may also require any such water company to allow additional consumers to be served when it appears that service to additional consumers will not injuriously withdraw the supply wholly or in part from those who theretofore had been supplied by such public utility.

13. To establish a service connection moratorium the utility must:

- a. Hold a public meeting under Section 350 and 351 of the Water Code
- b. Add the following language to each service schedule:

“MORATORIUM

No service shall be provided to any premises not previously served within the _____ Service Area as defined on the Service Area Map filed as a part of these tariffs.”

G—EXEMPTIONS

14. Some decisions to impose a moratorium contain exceptions. For example in Citizen’s Utilities (CUCC) Montara District:

“The moratorium shall not apply to owners of real property who are customers of CUCC on or before the date of this order, or their successors in interest, if any change in the use of their property will not increase their demand upon the system.” (D.86-05-078, Ordering Paragraph 3.)

15. D.86-05-078 also provided that prospective customers could seek an exemption from the moratorium by filing an application with the Commission showing that extraordinary circumstances required an exemption.

16. In D.00-06-020, June 8, 2000 the Commission granted an application and authorized Citizens Utilities to install a water service connection to applicant's property at APN 037-278-090 following cessation of service at applicant's property at 888 Ocean Boulevard in Montara. Costs were to be borne by applicant. The order made it clear that water service could not be reinstated at 888 Ocean Boulevard absent a lifting or easing of the moratorium. Such determinations were also delegated to staff².

² D.86-05-078, May 28, 1986, Ordering Paragraph 4.

The Commission's Role in Water Planning

The two state agencies primarily responsible for overseeing water planning are the California Department of Water Resources, which manages the State Water Project and produces the California Water Plan, and the State Water Quality Control Board and Regional Water Quality Control Boards which have authority over water allocation and water quality protection.

In addition to the state agencies which have broad planning and management powers, local government also has a part in water use decisions. For example, county boards of supervisors, county water agencies, land use planning agencies, city governments, municipal water districts and many special districts all have a role in the use of water in California.

In this context, the Commission has recognized the futility of one party taking unilateral action to protect a groundwater basin:

Rehabilitation of the Santa Maria Groundwater Basin is not the responsibility of, and is beyond the physical and financial resources of any single individual, company, or agency. Even if [Southern California Water Company] were to stop drawing from the basin entirely and injected into the basin the entire 7,900 AFY it desires to obtain from the [Central Coast Water Authority], the basin's fundamental problems of declining quantity and water quality would not be solved. Most simply put, the basin's salvation as a water resource requires the immediate, undivided, sincere and selfless attention of all its users.

(Re Southern California Water Company, 48 CPUC2d 511, 519 (D.93-03-066)(emphasis in original).)

The Commission's role is limited to ensuring that each jurisdictional water utility provides its customers with "just and reasonable service, . . . and facilities as are necessary to promote the safety, health, comfort and convenience of its patrons, employees, and the public." (§ 451.) The Commission has further delineated the service standard in its General Order 103 where it proscribes Standards of Service

including water quality, water supply, and water pressure, as well as many other details of service.

The Commission has not, however, dictated to investor-owned utilities what method of obtaining water must be used to meet its present and future responsibility of providing safe and adequate supply of water at reasonable rates. (Southern California Water, 48 CPUC2d at 517.)

Which is not to suggest that the Commission ignores issues of water availability in its regulation of water utilities. The Commission requires that all water utilities prepare, file, and update a water management plan which includes identification of water sources as well as consumption projections over 15 years. These plans are updated by the utility as part of its general rate case.

RULE NO. 14.1

WATER CONSERVATION AND RATIONING PLAN

GENERAL INFORMATION

If water supplies are projected to be insufficient to meet normal customer demand, and are beyond the control of the utility, the utility may elect to implement voluntary conservation using the portion of this plan set forth in Section A of this Rule after notifying the Commission's Water Division of its intent. If, in the opinion of the utility, more stringent water measures are required, the utility shall request Commission authorization to implement the mandatory conservation and rationing measures set forth in Section B.

The Commission shall authorize mandatory conservation and rationing by approving Schedule No. 14.1, Mandatory Water Conservation and Rationing. When Schedule No. 14.1 has expired, or is not in effect, mandatory conservation and rationing measures will not be in force. Schedule No. 14.1 will set forth water use violation fines, charges for removal of flow restrictors, and the period during which mandatory conservation and rationing measures will be in effect.

When Schedule No. 14.1 is in effect and the utility determines that water supplies are again sufficient to meet normal demands, and mandatory conservation and rationing measures are no longer necessary, the utility shall seek Commission approval to rescind Schedule No. 14.1 to discontinue rationing.

In the event of a water supply shortage requiring a voluntary or mandatory program, the utility shall make available to its customers water conservation kits as required by Rule 20. The utility shall notify all customers of the availability of conservation kits.